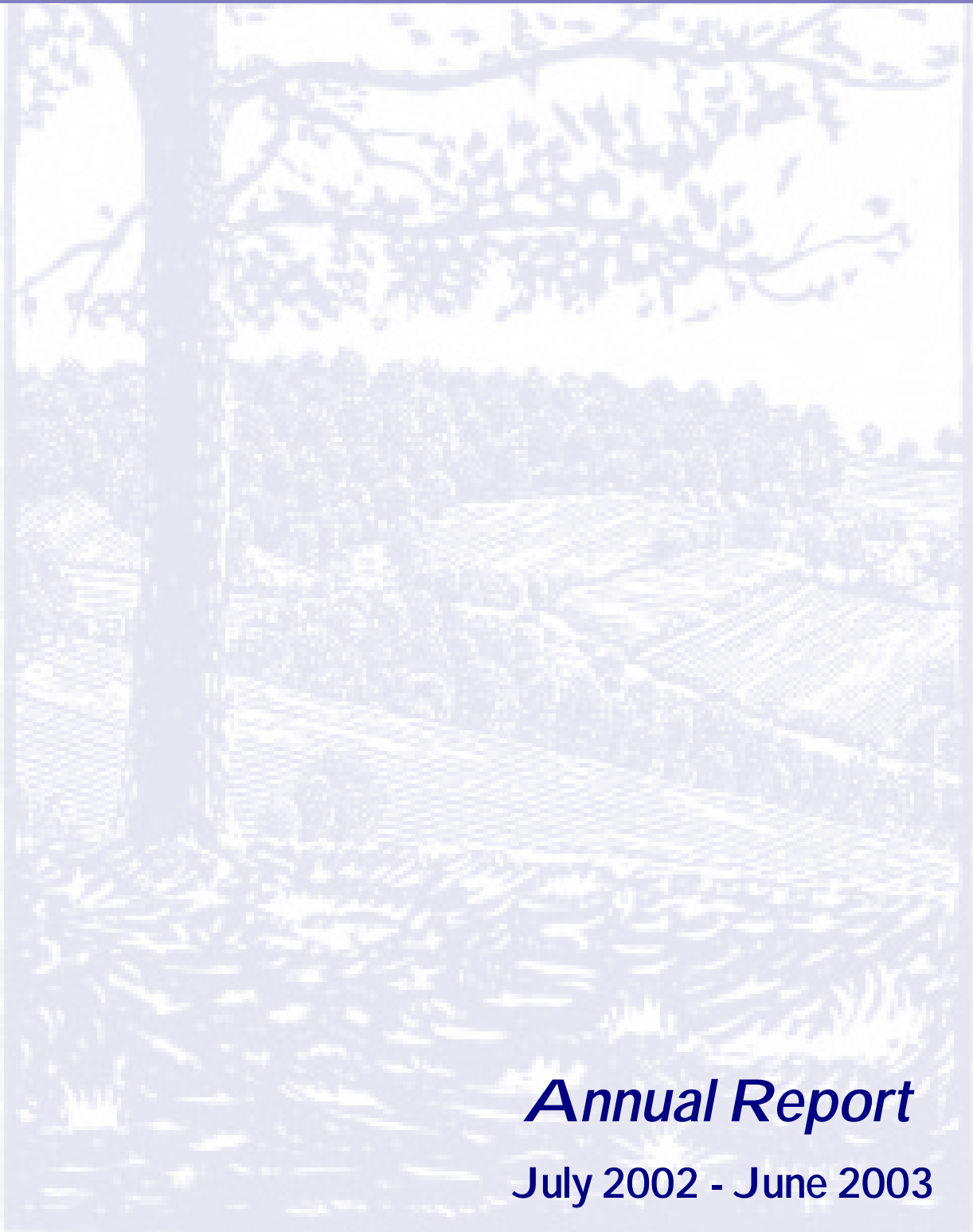


Kentucky Agricultural Development Fund



Annual Report

July 2002 - June 2003

Executive Summary

In the third year of Kentucky's historic investment in agriculture, extensive progress was made towards addressing the priorities outlined in Kentucky's long-term plan for agriculture, *Cultivating Rural Prosperity*.

Cultivating Rural Prosperity presented a new course for Kentucky agriculture; a course that the Agricultural Development Board, county Agricultural Development Councils and agricultural organizations across the state are using to revitalize Kentucky's rural and agricultural economy. This new course focuses on marketing activity, capital access programs, support for environmental stewardship, farm family education programs, local leadership development and strong commitments to research and development. The approach is to increase the efficiency of existing agricultural activities, so our farmers can be more competitive, as well as, develop new farm activities to open up new opportunities.

In the past year \$30,309,060.57 in Agricultural Development Funds have been invested across the Commonwealth. Successful projects are rooted in the communities and among the people who will benefit from them. All of the county, regional and state-level projects funded with the Agricultural Development Fund, originated from groups or individuals in Kentucky agriculture; it is truly a grassroots effort.

Funded projects have focused on increasing the value of Kentucky cattle, vegetables, grain and other products; developing new farm products such as ornamental trees, aquaculture, and niche products; building value-added processing; and adding direct marketing infrastructure.

The agricultural entrepreneurship center continued to provide educational and technical assistance to producers through the Farm Family Education Expos and the Kentucky Opportunity Marketplace. These events exposed hundreds of farmers to new and emerging farm-based business opportunities, while providing resources in business plan development, financial management, marketing and off-farm employment. Collaboration with organizations, such as the Kentucky Small Business Development Center, allows the Kentucky Center for Agricultural Development and Entrepreneurship to foster the entrepreneurship spirit by reaching out to all producers in need, beyond a sponsored event.

A long journey is made up of numerous small steps. Kentucky's farm families, the county Agricultural Development Councils and the state Agricultural Development Board have made great strides in the past year to develop the vision of a new rural Kentucky. However, our commitment must be sustained. There is still considerable work to be done to ensure a sustainable rural economy for future generations. We have embarked on a long-term project that demands the continued commitment of future Governors, our General Assembly, and the citizens of the Commonwealth.

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Agricultural Development Fund Investments

Kentucky's historic investment in agricultural diversification has created an unprecedented opportunity for Kentucky farmers to access funds for agricultural diversification and the expansion of farm based enterprises. To provide a guide map for this investment, Kentucky's agricultural community came together and created a long-term plan. In January 2002, the Agricultural Development Board approved Kentucky's first long-term plan for agricultural development, *Cultivating Rural Prosperity*. This plan is the blueprint for Kentuckians in addressing issues associated with agricultural growth and diversification in the Commonwealth as we begin the difficult task of changing a industry that is dependent upon tobacco.

The Agricultural Development Board has focused on the six priorities in *Cultivating Rural Prosperity*, as they have continued their commitment to funding agricultural diversification throughout the state. The six priorities are listed below along with a project that highlights progress the Board has made this past fiscal year in these areas. For a complete listing of funded projects see Appendix C.

Priority #1

Marketing and Market Development

The Agricultural Development Board has worked extensively with producers and commodity groups toward the development of the marketing infrastructure for Kentucky agriculture. Investments in this area range from local farmers' markets to large-scale value-added processing companies, all of which are integral in creating a comprehensive local, regional and state marketing system for Kentucky farm products.

Kentucky Cattlemen's Association Marketing Project

Kentucky Cattlemen's Association received \$1,930,000 in State Agriculture Development Funds in February 2003 to establish a collaborative marketing effort by the Kentucky Beef Council, Kentucky Pork Producers, Western Kentucky Growers Cooperative and General Electric Appliances. The collaborative effort will promote the achievements of cattle, swine and vegetable producers in Kentucky and producer groups in the Commonwealth. Through cross promotion vehicles such as advertising, marketing and public relations, the goal is to educate Kentuckian's about the strong contributions cattle, hogs and vegetable growers bring to the state and emphasize the continuing need for a strong agricultural economy.



Kentucky Fresh quality

Priority #2

Financing the Future:

Improving Access to Capital

The Agricultural Development Board recognizes that, while capital sources are generally available to producers, commercial lenders might be reluctant to enter into financing for products and businesses where there is limited financial history. To address this concern, the Board supported the reactivation of the Kentucky Agricultural Finance Corporation.

Agricultural Development Fund Investments

Kentucky Agricultural Finance Corporation

In February 2003 Governor Patton appointed new members to the Kentucky Agricultural Finance Corporation (KAFC) Board of Directors. Since the appointment, Agricultural Development Fund and KAFC Boards have worked closely to look at the possibility of creating a program that would provide agricultural entrepreneurs access to capital. As of the end of this fiscal year, KAFC has submitted a proposal to the Board for funds to create the Kentucky Agricultural Investment Trust Fund (KAITF). It is envisioned that KAITF's financing programs will work in tandem with the existing agricultural lender base to help to address the marketing and capital access issues for producers across the state. This project has the potential to provide a lending program to assist producers in their efforts to diversify away from tobacco well beyond the life of the Phase I payments.

Priority #3

Financial Incentives for Environmental Stewardship

Developing environmental awareness in tandem with agricultural diversification is critical to the quality of Kentucky's rural communities. The Agricultural Development Fund continues to support statewide conservation efforts through direct budget appropriations for financial investments in conservation programs, farmland preservation, and rural waterline extension. The Agricultural Development Board has also supported environmental stewardship through the approval of local programs designed to improve farm management techniques for long-term sustainability.



Technology: the future of agriculture conservation

Ballard County Precision Agriculture

Ballard County Conservation District received \$75,000 in Ballard County funds to administer a precision agriculture program. The program will allow progressive grain farmers to adopt equipment that should allow for more environmentally friendly and efficiency production practices.

Priority #4

Farm Family Education and Computer Literacy

Farm families are the cornerstones of Kentucky's agricultural community. The Agricultural Development Board is committed to strengthening and improving the accessibility of education and training programs tailored specifically for the needs of farm families. Much of the funding in this area falls under the Kentucky Center for Agricultural Development and Entrepreneurship program, which is discussed in detail in the KCADE report.



Changing the tobacco culture through education

Agricultural Development Fund Investments

Shelby County Farm Family Continuing Education Program

The Shelby County Chamber for Commerce received \$15,000 of Shelby County funds to teach producers skills that enhance their farming operation and/or make them more qualified for non-farm employment. Both full and part-time producers are eligible for the program, and are reimbursed fifty percent of the cost after completion of the course.



Providing new skills through education

Priority #5

Supporting Local Leadership

County Agricultural Development Councils and County Extension Agents are the foundation of the cultural change that is occurring in Kentucky's agricultural community. Agricultural Development Funds, through direct budget appropriations, have been used to support this leadership by providing administrative monies for county councils and merit-based bonuses for extension personnel. The Agricultural Development Board recognizes the need to continue supporting the leadership efforts of the county agricultural development councils and the Cooperative Extension Service network, while developing programs to encourage local leadership in rural communities.

Entrepreneurship Coaching and Development Project

The University of Kentucky Research Foundation received a \$1,282,206 grant

from the Agriculture Entrepreneurship Program's funds to design and implement a leadership program for entrepreneurial coaches or facilitators in 19 tobacco dependent counties in Northeast Kentucky with a goal of building a stronger entrepreneurial culture. A series of meetings in cooperation with participating County Councils, Chambers of Commerce and Area Development Districts will be held in the 19 county region involving tobacco farmers, citizens and community leaders to identify new business ideas for economic diversification and to identify those that have a reputation for encouraging business activity. Applications will be solicited from the region from those individuals who have an interest in helping entrepreneurs develop and implement economic diversification projects in Northeast Kentucky.

Priority #6

Research and Development

The Agricultural Development Board recognizes the need to maintain strong commitments to applied research in existing farm product areas, as well as the importance of exploring the viability of high value markets in non-traditional areas.



Horse Capitol of the World

Mare Reproductive Loss Syndrome (MRLS) Research Project

The Kentucky Thoroughbred Owners and

Agricultural Development Fund Investments

Breeders (KTOB) received \$190,000 in-state Agriculture Development Funds to continue the research and field monitoring efforts that they feel are vital to finding the causal agents of MRLS. Results from the 2002 MRLS Study confirmed a relationship between the presence of the Eastern Tent Caterpillar and MRLS. The exact causal agents have not been determined and further research is needed to address the

MRLS issue in Kentucky. Researchers will partner with equine breeders in the Bluegrass to implement a modified MRLS monitoring system for the 2003 breeding and foaling season. This monitoring system will continue the surveillance established in 2002 and will utilize the results obtained to narrow the focus of the study and provide more effective countermeasures.

Agricultural Development Funds at work from Farm to Market

Grape Growers working to provide quality grapes to Kentucky wineries



Purchase Area Aquaculture Cooperative markets Kentucky catfish



Little Kentucky Smokehouse hams



Green River Cattle Company joins forces with Houchens

Owen County Farmers Market



The Entrepreneurship Program

During the 2000 legislative session, the General Assembly directed the Agricultural Development Board to create and oversee an Agricultural Entrepreneurship Program and establish the Center for Entrepreneurship to operate under this program.

In October 2000, the Kentucky Agricultural Development Board approved the business plan for the Agricultural Entrepreneurship Program and allocated \$5.66 million for the advancement of entrepreneurial endeavors in Kentucky agriculture. The Kentucky Center for Agricultural Development and Entrepreneurship (KCADE) was established to operate under the Agricultural Entrepreneurship Program.

The mission of the Agricultural Entrepreneurship Program (AEP) is to advance statewide efforts to diversify the basis of Kentucky agricultural economy by providing or coordinating:

- ? Technical assistance in the development of business plans and feasibility assessments for new and expanded areas of production
- ? Resource information about local professional service providers for farmer entrepreneurs to utilize
- ? Cost-share grants to farmers seeking to diversify their current operations, facilitate cooperative development, research new products or market Kentucky agricultural products, and
- ? Capacity-building education and hands-on training for farmers in the Commonwealth.

The Governor's Office of Agricultural Policy (GOAP) management staff and project analysts continue to provide the leadership and technical resources to further the AEP mission and its daily activities. The Project Analysts assist farm applicants to develop their entrepreneurial ideas and to utilize

their local resources. Through KCADE, GOAP staff provides capacity building and training while also working with experienced advisors who bring particular skills relevant to the problems of innovation when necessary. Additionally, a team of consultants in the areas of education/outreach, marketing, finance and business management provide assistance for new or expanding agricultural-based ventures.

With KCADE serving as a clearinghouse of information for agricultural entrepreneurs, the staff works with other agencies to compile resource materials for use by groups and individuals with new ideas. The Center coordinates its efforts with colleagues in the KY Department of Agriculture, the Economic Development Cabinet, Small Business Development Centers, Cabinet for Workforce Development, the Cooperative Extension Service, and other organizations to provide the best service.

Grant Program



One of the Agricultural Entrepreneurship Program's distinct program areas is the "Feasibility Study & Business Development Grant" program. From funds set aside for the AEP, \$4 million in cost-share funds was allocated to provide support for farm diversification, cooperative development, research assistance on value-added products and new product development, and marketing. These grants follow the same application process and funding guidelines as the Agricultural Development Fund (ADF) applications. As of the July 2003 ADF Board meeting, just under \$1.2 million is available for AEP grant applications.

Since its establishment, AEP has supported nine market/feasibility studies in eleven new

The Entrepreneurship Program

or emerging agricultural enterprises: value-added soybeans, aquaculture, meat & dairy goats, wine & grapes, biomass, vermiculture, agricultural web-based learning, fresh-frozen produce, small livestock processing, agri-tourism. In light of the level of interest in the Commonwealth, the Board commissioned the studies for aquaculture, meat goats and dairy goats to explore the depth, scope and economic viability of these markets. For a list of the studies supported with these grant funds, refer to Appendix D.



Restoring Kentucky's grape and wine heritage

Technical Assistance & Education

Publications

As part of its outreach efforts, KCADE publishes three resources for Kentucky's agriculture community. The first two publications detailed below are electronic publications with e-mail distribution lists. This medium was chosen to save on the costs of printing and mailing a hard copy version. The third publication is printed especially for events the Center sponsors, but is available upon request. Those who are interested can be placed on the distribution list for any of these publications by emailing a request to govkyagpolicy@mail.state.ky.us.

Kentucky Agricultural Development Fund Update (KADFU)

The Kentucky Agricultural Development Fund Update (KADFU) is a monthly electronic newsletter designed specifically for the professionals in the Cooperative Extension

Service network. KADFU contains mostly technical information related to the Agricultural Development Fund. It is designed to assist Extension Professionals in their administration of County Agricultural Development Councils and in their roles as community educators. Making all Kentuckians aware of opportunities available through the Fund is the driving force behind this communication tool.

Each month's issue includes: a review of the previous month's Board meeting, any fiscal updates related to the Agricultural Development Fund, an update on the Phase II program, any amendments or issues related to the model programs, and photos of any recent county check presentations or press conferences.

The newsletter is distributed at the beginning of each month, in a PDF format. The eight issues distributed in fiscal year 2003 went to all Cooperative Extension Agents, Program Directors and leadership, as well as to 56 other individuals with an interest in the Agricultural Development Fund.

KCADE Grant Bulletin

The KCADE Grant Bulletin was developed in an effort to leverage Agricultural Development Funds and inform producers and agricultural organizations of other funding mechanisms. The KCADE Grant Bulletin is a bi-monthly electronic publication geared towards Kentucky's agricultural and natural resources, as well as rural community resources.

The Bulletin started out as an e-mail of about ten to twelve current funding opportunities available through federal, state and private organizations. The revised Bulletin now provides grant-writing tips, updates on funding opportunities available in Kentucky, special points of interest, and links for grant writing resources. Internet access to a cata-

The Entrepreneurship Program

logued listing of grant opportunities is available at
<http://agpolicy.ky.gov/kcade/grant.shtml>.

The KCADE Grant Bulletin boasts just under 300 members on its distribution list.

Opportunities in Agriculture: Resource Booklet

This resource booklet provides contact information for agencies and organizations that participate in various KCADE events. This document is tailored for each event and the area that the event targets. In addition to statewide resources, county and regional resources are provided and catalogued by county.



KOM participants enjoy Kentucky products

KCADE Web Pages

The KCADE Web Pages provide easy access to resources and information of use to Kentucky's farm families and agribusinesses. Each page is dynamic with new information and resources being added as it is received.

Resource Page: This page is a guide to the various resources available to farmers and others in agriculture. Items are divided into categories as follows:

- ? Business & Finance
- ? Colleges of Agriculture
- ? Education & Skills Training
- ? Government: Federal

- ? Government: State]
- ? KADF Supported Businesses
- ? Marketing & Promotion
- ? Organizations
- ? Other

Educational Calendar: This page provides information on a variety of business, production and marketing related education programs available to the agricultural community, as well as links for events associated with projects funded through the Agricultural Development Fund. Links to other agency calendars are also listed.

Other Funding Opportunities: On this page you one find a catalogued listing of other funding opportunities mentioned in the KCADE Grant Bulletin (see above). Funding opportunities are divided into eleven categories:

- ? Ag Diversification & Sustainability
- ? Awards & Recognitions
- ? Education & Technology
- ? Environment & Natural Resources
- ? Loan Programs
- ? Marketing & Market Access
- ? Research & Development
- ? Rural Community Development
- ? Value-added
- ? Women & Minorities
- ? Youth & Leadership

The title, deadline, and a brief description are provided for each opportunity. To highlight grants with upcoming deadlines, dates that are less than three weeks away are highlighted in red.

Programs

In an effort to ascertain the needs of groups and individuals involved in local direct marketing – either by farmers' market, roadside stand, community supported agriculture or on-farm sales – the Center in cooperation with the KY Department of Agriculture and

The Entrepreneurship Program

the KY Farm Bureau hosted three **Local Direct Marketing Focus Groups**. The focus groups were positioned so that each of the three regions (East, Central, West) listed in *Development* were covered. The events were held in the following counties: East – Montgomery; Central – Nelson; West – Ohio.



Lexington Farmer's Market

An independent third party facilitated the meetings to discuss the issues participants felt were important to a successful direct marketing initiative. Participants answered questions about issues surrounding direct marketing, such as what their local market would look like five years down the road, what barriers might prevent this five-year vision, what is needed to overcome those barriers, what services would help you meet your local goals and what would be needed to expand the market. The sessions averaged about 2.5 hours in length with a total of twenty-seven participants. The responses given during these sessions were compiled and used to develop a local direct marketing program proposal for the Agricultural Development Board.

In the end the Agricultural Development Board used the input provided by focus group participants to modify the *Agricultural Diversification Program* to include items that were seen as needs for local direct-to-consumer sales. Eligible cost-share items added to each investment area of the *Agricultural Diversification Program* include: re-

frigerated equipment for storing product; display equipment, to assist in selling of product, as well as an increased maximum for promotional and advertising materials in each of the investment areas.

At the end of fiscal year 2002, KCADE piloted a one-day series of workshops that explored opportunities and services that can help farm families manage economic transition from tobacco dependency. In fiscal year 2003, two more of these workshops, **Farm Family Education Expos**, were held in two different regions of the Commonwealth – one at Greenbo Lake SRP and the other at Buckhorn Lake SRP. Workshops ranged from topics to prepare farmers or their families for off-farm employment to improving financial management skills or diversifying agricultural enterprises. For these events, the Center partnered with the Cabinet for Workforce Development and the UK Cooperative Extension Service with support from the Small Business Development Centers and other local service agencies. The FY 2002 counties targeted for these events were Bath, Bell, Boyd, Bracken, Breathitt, Carter, Clay, Elliott, Estill, Fleming, Floyd, Greenup, Harlan, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Magoffin, Martin, Mason, Menifee, Montgomery, Morgan, Owsley, Perry, Pike, Powell, Robertson, Rockcastle, Rowan, Whitley and Wolfe.

In 2001, the **New Opportunity Forum** program was started as a series of interactive forums designed to discuss specific issues of interest to Kentucky's agricultural community. The goal of this program is to explore these issues for their feasibility and potential impact. Experts from a variety of areas within the specified issue gather as a panel to share their expertise. Forum participants have an opportunity to ask pertinent questions regarding what the experts have shared and what the participants have al-

The Entrepreneurship Program

ready experienced. These discussions include both positive and negative aspects of the issue being addressed.

As a continuation of the **New Opportunity Forum** program, the Center partnered with UK Cooperative Extension to present a *Blueberry Production Workshop* in Metcalfe County. This workshop provided the 70 participants with the basics for establishing a commercial blueberry operation. Not only did participants learn techniques in a classroom-style setting, but they also visited a local blueberry operation to witness first-hand pruning and other production techniques.



Producers learn about the benefit of blueberries

To keep technical assistance workshops available to farmers, the Center partnered with **Kentucky's Small Business Development Centers** to provide three levels of workshops: beginner (*Smart Steps to Smart Choices*), intermediate (*Management First / P.R.I.M.E.R.*), and advanced (NxLevel: *Tilling the Soil of Opportunity*).

Smart Steps to Smart Choices is a basic, awareness-building workshop. Brief two-hour sessions introduce resources and tools for future exploration and development of business ideas. During fiscal year 2002, there were 20 of these basic level workshops offered with 151 farmers participating. The workshops were located across the state from Paintsville to Paducah.

With a 63% return rate on workshop evaluations, over 90% "agreed or strongly agreed" that the program was effective, practical, and sufficient for the participants' purposes.

Management First and PRIMER is an intermediate level workshop with longer, multiple-session seminars that focus on additional planning and resource identification. Successful entrepreneur case studies and other evaluation tools will be used to assess the suitability of an enterprise to a particular context. During fiscal year 2002, the study material for this level workshop was being redesigned and updated. These workshops should be available by 2004.

Tilling the Soil of Opportunity is a NxLevel program consisting of weekly sessions for 10 – 12 weeks. This course walks participants through the business planning process and culminates with the development of a detailed business plan. This level workshop was offered five times with 97 participants. The courses were offered in Lexington, Springfield, Paintsville, and twice in Pikeville.

The course evaluation for *Tilling the Soil* was more in-depth than the basic level workshop. With a 75% return rate, 94% of respondents were "satisfied or very satisfied" with the overall course. The participants were asked to rate the relevancy of each of the training sessions in the course; the two sessions respondents felt were the most relevant were "Get Your Budgets in Line" and "Harvest Your Future," and the bottom two were "Basic Equipment Required: Planning & Research" and "The Legal Terrain."

"I...really benefited from the discipline of having to focus on each aspect of the business planning."

When asked what participants liked best

The Entrepreneurship Program

about the course, one respondent stated that it was “finally good to have a business course geared toward agriculture. [It was] very professional and not elementary.” Another participant responded, “I...really benefited from the discipline of having to focus on each aspect of business planning.” When asked what they liked least about the course, it was noted by some that if one did not have a specific business or start-up idea in mind, then the materials would be difficult to complete. Along with this, several were not prepared for the level of homework necessary for completion of the course.

The most helpful things that respondents got out of the course were the need to plan and the importance of periodic number checking to assess profitability. 94% of the respondents noted that they would recommend this course to others interested in starting an agricultural business.

The most important assessment of this course is how it has affected the participants' current business plans and future plans. 79% of respondents noted that they had changed their agricultural production methods as a result of the NxLevel course. The most noted reason was better record keeping and assessing overhead costs to make better business decisions.

The most visible end result of this course is the written business plan. Of those who responded, 60% had completed their NxLevel Agricultural Business Plan. There will be a nine to twelve month follow-up with participants to see how participants' plans are progressing.

The 2nd Annual **Kentucky Opportunity Marketplace** (KOM) focused on entrepreneurship, education and leadership – the building blocks for the future of agriculture. The purpose of this one-day conference

was to foster a greater awareness of the agricultural development process and the value of agriculture in Kentucky. The 2003 KOM featured the Annual Meeting of the Kentucky Agricultural Development Board; Kentucky product samples and exhibits; workshops lead by producers and agribusiness leaders; leadership training and an awards reception.

The approximately 175 participants interested in the future of Kentucky agriculture participated in workshops that focused on agricultural diversification, technical assistance, and leadership. Topics for the event's 35 exhibits ranged from Kentucky food products to research initiatives in agriculture.

During the Awards Reception several awards were presented to individuals who have made outstanding contributions to Kentucky's agricultural development process. To recognize the time and energy invested by local leaders toward this effort, seven *Outstanding County Council Member* awards were given – one per Extension District. To recognize the new role extension agent acquired with administering the County Agricultural Development Councils, one *Outstanding Extension Agent* award was presented. To recognize groups and individuals working to keep the entrepreneur spirit alive, two *Innovations in Agriculture* awards were presented – one to a group and the other to an individual.



Green River Cattle Company wins Innovations in Agriculture Group Award

Agricultural Development Board

Statutory Members

Governor Paul E. Patton, Chair

Billy Ray Smith, Vice-Chair
Commissioner of Agriculture

Marvin E. (Gene) Strong
Secretary, Economic Development Cabinet

Dr. M. Scott Smith
Director, Kentucky Cooperative Extension Service



Board Announcement July 2000



Board Meeting



Bath County
Marketing
Facility
Press
Conference

County
Council
Annual
Meeting



Governor Appointees

Sam Moore
Butler County
President of Kentucky Farm Bureau
Term Expires: July 2005

Daniel Case
Robertson County
Agricultural Lender
Term Expires: July 2006

Larry Clay
Perry County
Beef and Forage producer
Term Expires: July 2004

Seth Conner
Hickman County
Grain Producer
Term Expires: June 2003

Susan Harkins
Bourbon County
Aquaculture and Horticulture Producer
Term Expires: June 2003

Wayne Hunt
Christian County
Agribusiness/Grain and Tobacco Producer
Term Expires: July 2006

Willa H. Poynter
Mason County
Dairy and Tobacco Producer
Term Expires: July 2005

Howard (Eddie) Sellers
Woodford County
Grain, Tobacco and Hay Producer
Term Expires: July 2004

Michael L. Slaughter
Hart County
Tobacco, Horticulture and Beef Producer
Term Expires: July 2004

Vickie Yates Brown
Jefferson County
Attorney
Term Expires: July 2006

Sam Lawson
Warren County
Chamber of Commerce
Term Expires: June 2003



Appendix

Fiscal Year 2003 Summary

FAENCH
11

FAENCH

Appendix A

Fiscal Year 2003

FUNDS	STATE	COUNTY	TOTAL	COUNTY (off budget)
ADF Cash Balance 2002 Carried Forward	51,277,938	7,563	51,285,501	20,113,484
FY 2003 ADF Allocation -GOAP	25,708,000	21,980,000	47,688,000	21,980,000
Interest				710,949
<i>Sub-total Funds</i>	76,985,938	21,987,563	98,973,501	42,804,433
EXPENDITURES				
Disbursements/Expenditures	18,571,601*			19,252,680
Transfers Out		21,980,000		
Other: Budget Reduction	611,200		611,200	
<i>Sub-total Expenditures</i>	19,182,801	21,980,000	41,162,801	19,254,680
<i>Cash Balances</i>	57,803,137	7,563	57,810,700**	23,549,753
Grants - Unexpended Commitments	27,948,617	0	27,948,617	6,303,395
<i>Grants Balances</i>	29,854,520	7,563	29,862,083	17,246,358

* The 18,571,601 includes \$1,415,525 administrative expense

** The 57,810,700 is the amount shown by Finance Cabinet/GOPM
Historical Information fixed in the Budget Request System

Note: An ADF Grant to the Kentucky Agricultural Finance Corporation was approved for \$20 million
The cash transfer is to occur in FY 2004

Appendix B

County Model Program Investments

Agricultural Diversification Program

Agricultural Diversification Program is designed to improve net farm income through the development and expansion of new agricultural products and through the development of new ways of working with existing agricultural commodities. Eligible investment areas include: commercial horticulture, herbs, sweet sorghum, ornamentals, greenhouse conversion, aquaculture, silviculture, equine, direct-to-consumer value-added livestock sale and dairy. Participants in this program may receive up to \$5,000 in cost share assistance per farm, based upon the 50% cost share requirement. A revolving loan program is also an option available to counties.

Bath	\$157,000	Henderson	\$30,000	Owen	\$30,000
Boone	\$88,400	Henry	\$49,281	Owsley	\$51,500
Bourbon	\$26,250	Jessamine	\$95,000	Pendleton	\$110,000
Calloway	\$46,500	Larue	\$108,750	Pulaski	\$15,000
Casey	\$100,000	Lawrence	\$25,000	Rowan	\$25,000
Clark	\$25,500	Madison	\$31,050	Russell	\$193,000
Clay	\$170,000	Marshall	\$10,000	Scott	\$31,500
Clinton	\$3,500	Mason	\$115,000	Shelby	\$120,000
Fayette	\$140,000	McCreary	\$318	Spencer	\$23,000
Fleming	\$50,000	Mercer	\$6,000	Taylor	\$30,000
Franklin	\$38,000	Metcalfe	\$20,000	Trimble	\$70,750
Garrard	\$52,500	Monroe	\$149,000	Wayne	\$5,000
Green	\$80,000	Morgan	\$6,693	Wolfe	\$12,500
Hardin	\$3,000	Nicholas	\$40,000	Woodford	\$173,081
Hart	\$267,343	Oldham	\$16,271		

Cattle Genetic Improvement Program

Cattle Genetic Improvement Program is designed to increase the genetic quality of cattle in Kentucky through the selection of superior sires, either through purchase/lease of sires or semen. The program provides 50% cost-share funds, not to exceed \$1,250, for the purchase or lease of bulls, or the purchase of semen. Both beef and dairy producers can benefit from this program.

Allen	\$4,500	Green	\$52,500	Nicholas	\$25,000
Bath	\$26,250	Hardin	\$3,410.50	Ohio	\$30,000
Bourbon	\$65,000	Hart	\$13,852	Oldham	\$1,729
Caldwell	\$22,000	Henry	\$43,917	Owen	\$70,600
Carlisle	\$9,298	Jackson	\$3,627	Pendleton	\$50,000
Carroll	\$26,000	Lincoln	\$60,000	Pulaski	\$37,439
Casey	\$50,000	Madison	\$74,475	Scott	\$63,000
Christian	\$40,000	Magoffin	\$26,250	Shelby	\$25,500
Clark	\$50,000	Marshall	\$1,250	Taylor	\$15,000
Clinton	\$20,000	Mason	\$50,000	Todd	\$45,000
Daviess	\$30,000	McCracken	\$10,000	Trigg	\$24,000
Fleming	\$101,000	McLean	\$26,627	Trimble	\$10,000
Franklin	\$30,000	Meade	\$17,943	Warren	\$51,000
Gallatin	\$25,000	Montgomery	\$7,298	Wayne	\$3,000
Garrard	\$26,250	Morgan	\$10,113	Webster	\$9,500
Grayson	\$55,000	Nelson	\$40,000	Woodford	\$34,758

Appendix B

Cattle Handling Facilities Program

Cattle Handling Facilities Program is designed to improve net farm income by promoting best management and health practices that augment efficient production and marketing opportunities. The program provides 50% cost-share funds for the purchase of handling facilities & equipment for beef and dairy cattle, secure lot or pen for bulls, weaning pens, and shared-used handling equipment.

Adair	\$53,000	Grayson	\$105,000	Meade	\$17,943
Anderson	\$45,450	Green	\$117,000	Montgomery	\$28,000
Barren	\$32,000	Hancock	\$50,000	Morgan	\$49,939
Bath	\$52,500	Hardin	\$2,744	Nelson	\$60,000
Bourbon	\$215,000	Harrison	\$100,000	Nicholas	\$186,872
Bracken	\$78,750	Henderson	\$10,000	Oldham	\$23,107
Caldwell	\$25,000	Henry	\$43,917	Owen	\$442,550
Carlisle	\$9,298	Jessamine	\$3,500	Owsley	\$51,500
Carroll	\$47,000	Johnson	\$8,400	Pulaski	\$93,928
Casey	\$125,000	LaRue	\$50,000	Rockcastle	\$25,000
Clark	\$100,000	Laurel	\$164,000	Rowan	\$22,500
Clay	\$12,000	Lawrence	\$21,500	Scott	\$31,500
Cumberland	\$40,380	Lee	\$11,221	Spencer	\$45,000
Daviess	\$20,000	Logan	\$7,471	Taylor	\$81,417
Elliott	\$100,000	Madison	\$25,000	Todd	\$35,000
Fayette	\$100,000	Magoffin	\$26,250	Trigg	\$40,000
Fleming	\$130,950	Mason	\$66,000	Trimble	\$10,000
Gallatin	\$35,000	McCracken	\$20,067	Wayne	\$15,951
Garrard	\$30,000	McCreary	\$8,100	Wolfe	\$25,600
Grant	\$100,000	McLean	\$25,627		

Fencing Improvement Program

Livestock Fencing Improvement Program is designed to improve net farm income through improved pasture quantity, quality, and efficient use for livestock producers. The program provides 50% cost-share funds up to \$5,000, for the development and construction of parameter fencing on farms.

Harrison	\$206,000	Nicholas	\$150,000	Robertson	\$210,000
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Forage Improvement and Utilization Program

Forage Improvement and Utilization Program is designed to improve net farm income through improved forage quality, quantity, and efficient use, as well as, encourage science-based forage management decisions. The program provides 50% cost-share funds for the purchase of select seed varieties and soil amendments; filter fabric pads; rotational grazing; pasture improvement and custom seeding.

Allen	\$60,000	Hardin	\$4,821	Montgomery	\$54,591
Anderson	\$15,835	Harrison	\$26,850	Morgan	\$6,200
Bourbon	\$50,000	Henry	\$42,765	Nelson	\$75,000
Breathitt	\$1,250	Jackson	\$43,949	Nicholas	\$21,435
Bullitt	\$25,000	Jessamine	\$30,000	Oldham	\$39,000
Caldwell	\$3,000	Johnson	\$11,000	Owen	\$40,900
Clark	\$3,000	LaRue	\$50,000	Pendleton	\$71,500
Clinton	\$21,352	Lawrence	\$37,000	Powell	\$20,640
Daviess	\$20,000	Lee	\$17,721	Robertson	\$15,000
Estill	\$33,847	Lincoln	\$22,500	Scott	\$31,500
Fayette	\$27,190	Logan	\$7,471	Shelby	\$51,000
Fleming	\$136,000	Lyon	\$32,100	Todd	\$36,750
Franklin	\$118,000	Madison	\$141,750	Trigg	\$40,000
Gallatin	\$25,000	Marshall	\$28,000	Trimble	\$132,850
Garrard	\$143,750	Mason	\$101,000	Warren	\$9,646
Grant	\$7,630	Meade	\$23,221	Washington	\$30,243
Greenup	\$115,750	Mercer	\$5,000	Woodford	\$87,627

Appendix B

Goat Diversification Program

Goat Diversification Program is designed to assist producers in diversifying into goat production by promoting animal health and improving the genetic base of Kentucky's goat herds. The program provides 50% cost-share funds for the purchase of does, bucks and handling equipment to improve goat production.

Adair	\$25,000	Kenton	\$35,000	Mulhenberg	\$6,727
Allen	\$20,000	Lincoln	\$30,000	Nelson	\$25,000
Bath	\$21,000	Logan	\$15,000	Nicholas	\$4,094
Bourbon	\$31,500	Madison	\$18,900	Owen	\$15,000
Bracken	\$36,750	Magoffin	\$15,750	Pendleton	\$20,000
Casey	\$40,000	McCracken	\$8,100	Powell	\$11,500
Fleming	\$40,000	McCreary	\$400	Pulaski	\$19,100
Gallatin	\$10,000	Meade	\$9,499	Robertson	\$15,000
Garrard	\$21,000	Menifee	\$21,000	Russell	\$20,000
Grant	\$30,000	Mercer	\$1,575	Spencer	\$25,000
Hancock	\$50,000	Metcalfe	\$20,000	Wolfe	\$22,000
Hart	\$50,000	Monroe	\$12,000		
Henry	\$20,000	Montgomery	\$42,000		

Hay, Straw and Commodity Storage Program

Hay, Straw and Commodity Storage Program is designed to improve net farm income through employing best practices related to storage and utilization of feed, hay and straw, thus improving feed and straw quality and animal nutrition. The program provides 50% cost-share funds, up to \$5,000, toward the construction or conversion of hay, straw or grain storage facilities.

Anderson	\$75,000	Harrison	\$202,400	Owen	\$265,000
Bath	\$149,816	Henry	\$30,000	Owsley	\$103,000
Bourbon	\$200,000	Jessamine	\$27,000	Pulaski	\$30,000
Boyle	\$154,500	Laurel	\$60,000	Robertson	\$105,000
Bracken	\$210,000	Lincoln	\$250,000	Rockcastle	\$205,000
Carroll	\$100,000	Madison	\$94,138	Rowan	\$30,000
Daviess	\$100,000	Mason	\$150,000	Scott	\$225,000
Elliott	\$141,975	McCracken	\$50,000	Spencer	\$52,500
Fayette	\$150,000	Meade	\$36,942	Taylor	\$84,000
Fleming	\$100,000	Menifee	\$39,000	Trimble	\$60,000
Franklin	\$31,228	Metcalfe	\$319,685	Wayne	\$120,000
Gallatin	\$75,000	Muhlenberg	\$19,215	Woodford	\$75,000
Garrard	\$105,000	Nicholas	\$40,000		
Grant	\$100,000	Oldham	\$30,000		

On-Farm Water Enhancement Program

On Farm Water Enhancement Program is designed to provide farmers the opportunity to adopt a proactive and systematic approach to expand existing water supplies or to develop alternative water resources. The program provides 50% cost-share funds, up to \$5,000, for investments in the construction or improvement of on-farm ponds, subsurface aquifers and wells, on-farm springs and small stream water basins.

Madison County \$53,550

Appendix C

Non-Model Project Investments

Anderson County

Anderson County Farmer's Market

Funds: \$14,000 Anderson

Project: County funds will be used in the marketing of value-added products and locally grown products sold at the market.

Lover's Leap Vineyards

Funds: \$69,000 State
\$3,000 Anderson

Project: State and County funds will be used to purchase equipment, which will allow the winery to increase processing capabilities and in turn be able to purchase more grapes from Kentucky producers.

Calloway County

Aquaculture of Kentucky, Inc.

Funds: \$411,500 State

Project: Aquaculture of Kentucky, Inc. received a forgivable loan in state funds for the development of a hybrid striped bass and paddlefish hatchery, a fingerling facility, and a smoker plant for value-added aquaculture products.

Ballard County

Ballard County Conservation District

Funds: \$74,000 Ballard

Project: County funds will be used to administer a precision agriculture program for grain producers.

Bath County

Bath County Agricultural Extension Foundation, Inc.

Funds: \$1,200,000 State
\$300,000 Bath
\$10,000 Menifee

Project: State and county funds will be used for the development of the Bath County Agricultural Education and Marketing Center, which will include a covered Farmers Market with a storefront, certified commercial kitchen, meeting facilities, and a light processing unit.

Bracken County

Bracken County Agricultural Advancement Council

Funds: \$15,750 Bracken

Project: County funds will be used to establish a cost-share program for FFA and 4-H student projects.

Bracken County Agricultural Advancement Council, Inc.

Funds: \$1,750 Bracken

Project: County funds will be used to modify shared-use vegetable equipment to make it transportable with the addition of wheels and hitches.

Bracken County Agriculture Advancement Council

Funds: \$9,000 Bracken

Project: County funds will be used to construct a hoop style, tarp structure building designed for the youth livestock program.

Breathitt County

Breathitt County Conservation District

Funds: \$23,400 Breathitt

Project: County funds will be used to implement a shared-use equipment program for a no-till drill, pasture renovator, and a lime spreader.

Breckinridge County

Breckinridge County FFA

Funds: \$20,000 Breckinridge

Project: County funds will be used to expand and make facility improvements for the youth livestock and safety programs.

Butler County

Bullitt County Cattlemen's Association

Funds: \$50,000 Bullitt

Project: County funds will be used to administer a cost-share program that provides funds to producers for purchase of lime which is identified as necessary for high yield cropland, pasture and forages.

Caldwell County

Princeton Recreational, Tourist and Convention Commission

Funds: \$500 Caldwell

Project: County funds will be used to assist in establishing and maintaining a website to promote agri-tourism.

Kentucky Specialty Meats, Inc.

Funds: \$454,125 State

Project: State funds will be used to expand the current USDA approved commercial meat processing plant to specialize in goat meat products and to establish a retail meat center to promote goat, sheep, pork and beef products.

Clark County

Shady Lane Poultry Farm, Inc.

Funds: \$104,000 State
\$1,000 Clark

Project: State and County funds will be used to construct a poultry hatchery to provide Kentucky producers with a local source for a full line of quality, specialty breed poultry chicks.

Joe Brown McCord Jr.

Funds: \$20,500 State
\$20,500 Clark

Project: State and county funds will be used to establish a prawn (freshwater shrimp) nursery.

Christian County

Commonwealth Agri-Energy, LLC

Funding: \$3,000,000 State

Project: State funds will be used to undertake the development of a 20 million gallon-per-year fuel ethanol processing plant in Hopkinsville.

Daviess County

Owensboro Community College

Funds: \$5,300 Daviess
\$2,500 McLean
\$1,500 Ohio

Project: County funds will be used to expand the Agriculture Technology Program by building a greenhouse

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facility for students and adult with emphasis on enhanced value added agronomic practices.

West Kentucky Growers Cooperative, Inc.

Funds: \$286,000 State
\$60,000 KCADE
\$55,023 Daveiss
\$29,821 McLean

Project: State and county funds will be used to retire 2002 outstanding operating debt and cover the 2001 operating shortfall. Also KCADE funds will be made available to conduct feasibility studies for value-added processing.

Fayette County Kentucky Association of Second Harvest Food Banks

Funds: \$50,000 State

Project: State funds will be used to purchase refrigerators and freezers for food bank member agencies of five Kentucky food banks, to store the fresh produce, bought from Kentucky producers, until it can be distributed to those in need.

Kentucky Cattlemen's Association - Marketing

Funds: \$1,930,000 State

Project: State funds will be used to establish a collaborative marketing effort by the Kentucky Beef Council, Kentucky Pork Producers, Western Kentucky Growers Cooperative and General Electric Appliances.

Kentucky Thoroughbred Owners and Breeders, Inc.

Funds: \$190,000 State

Project: State funds will be used to continue the research and field monitoring efforts that are vital to finding the causal agents of Mare Reproductive Loss Syndrome.

Franklin County Central Kentucky Aquatics, LLC

Funds: \$27,000 Franklin

Project: County funds will be used to develop a educational and marketing outreach program for the production of red claws, large lobster-like creatures.

Fulton County Jackson Purchase RC&D Foundation, Inc.

Funds: \$501 Fulton

Project: County funds will be used to administer a one-day Women in Agriculture seminar. The seminar will focus on improving the quality of farm life through agricultural diversification.

Garrard County Garrard County Board of Education

Funds: \$9,000 Garrard

Project: County funds will be used for the purchase of scientific equipment for high school and adult students to use in green house education and research.

Grant County Grant County Conservation District

Funds: \$13,474 Grant

Project: County funds will be used to purchase a lime spreader to be utilized by Grant County producers.

Williamstown School District

Funds: \$32,277 Grant

Project: County funds will be used to develop the agricultural education infrastructure at Grant County High School through construction of an "alternative agriculture center".

Graves County Purchase Area Aquaculture Cooperative, Inc.

Funds: \$359,275 State
\$5,000 Graves

Project: State and County funds will be used to assist PAAC in the expansion of cold storage facilities at the processing facility.

Green County Technology for Green County High School Agriculture Department

Funds: \$2,675 Green County

Project: County funds will be used to purchase computer programs, lab kits, CD-ROMS, videos, a projector and GPS literature to expand agricultural curriculum in the school.

Hardin County John Hardin High School Agriscience Department

Funds: \$10,000 Hardin

Project: County funds will be used to construct a greenhouse that will serve as a "agricultural science complex" for the study of horticulture, aquaculture, hydroponics, and other emerging technologies.

Harrison County Harrison County Beef Cattle Association

Funds: \$26,720 Harrison

Project: County funds will be used to purchase equipment for a shared-use program including a water wheel setter, mulch layer, mulch lifter, two boomless sprayers, and two small transport trailers.

Hart County Green River Produce Marketing Cooperative

Funds: \$157,500 State

Project: State funds will be used to finance a cooler, electrical upgrades and watermelon packing line.

Henderson County Henderson Community College

Funds: \$11,000 Webster

Project: County funds will be used to assist in establishing an Agricultural Technical program at Henderson Community College.

Hickman County Hickman County Agricultural Development Council

Funds: \$4,000 Hickman

Project: County funds will be used to assist the Purchase Area Aquaculture Cooperative in marketing efforts and the purchase of equipment.

Jackson County Wilderness Trail Area Beef Marketing Alliance

Funds: \$3,000 Jackson

Project: County funds will be used for construction of a livestock marketing facility.

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Jefferson County

Jefferson County Farm Bureau

Funds: \$4,000 Jefferson

Project: County funds will be used to support of the Ohio Valley Harvest Festival.

Shuckman's Restaurant Service, Inc.

Funds: \$300,000 State

Project: State funds will be used to update processing and manufacturing equipment to expand production of Kentucky aquaculture products, such as catfish, shrimp, bass and paddlefish.

University of Louisville Research Foundation, Inc.

Funds: \$125,000 State

Project: State funds will be used to conduct an impact study of the Agricultural Development Fund Programs.

Jessamine County

Chrisman Mill Vineyards, Inc.

Funds: \$10,000 Jessamine
\$24,215 State

Project: State and county funds will be used to expand and upgrade a successful, existing value-added grape processing facility.

City of Wilmore

Funds: \$2,600 Jessamine

Project: Jessamine County funds will be used to assist in the expansion of the farmers' market located in Wilmore.

FFA Alumni Association

Funds: \$6,000 Jessamine

Project: County funds will be used to establish a costshare of up to \$500 for FFA and 4-H student projects in 2003.

Jessamine County Beef Cattle Association

Funds: \$5,741 Jessamine

Project: County funds will be used to encourage Jessamine County farm families, particularly tobacco farm families to participate in established record keeping programs offered through the University of Kentucky and Kentucky Beef Network.

Jessamine County Fiscal Court

Funds: \$85,000 Jessamine

Project: County funds will be used to establish a learning center for farmers in Jessamine County.

Laurel County

Laurel County Cattleman's Association

Funds: \$66,694 Laurel

Project: County funds will be used to purchase two manure spreaders as shared-use equipment.

Southeast Kentucky Agriculture Cooperative

Funds: \$154,525 State
\$68,000 Whitley
\$90,000 Knox
\$25,000 Laurel
\$15,000 Jackson

Project: State and county funds will be used to build and equip a horticulture receiving and shipping facility in Corbin.

Lincoln County

Lincoln County High School

Funds: \$38,000 Lincoln

Project: County funds will be used to assist in the construction of a greenhouse at Lincoln County High School, for use in high school and adult education classes.

Livingston County

Livingston County Conservation District

Funds: \$1,477 Livingston

Project: County funds will be used to sponsor a Progressive Farmer Farm Safety Day Camp for Livingston County students.

Livingston County High School and the Livingston County Board of Education

Funds: \$1,300 Livingston

Project: County funds will be used to purchase a livestock trailer for the FFA students to transport livestock to shows, markets, contests and other events.

Marshall County

Marshall County Conservation District

Funds: \$25,000 Marshall

Project: County funds will be used to administer a lime program for row crop farmers who did not participate in the Marshall County Forage Improvement Program.

Mason County

Otis Bryant & Son, Inc.

Funds: \$32,350 Grayson

Project: County funds will be used for the purchase of soybean roasting equipment, which will be used to increase Grayson county's oilseed and small grain production as well as increased cost paid per bushel through transportation savings.

McCracken County

Jackson Purchase RC&D Foundation, Inc.

Funds: \$60,000 McCracken

Project: County funds will be used to provide a cost-share program to assist producers in purchasing light bars, monitors, GPS and other equipment to implement the precision agriculture program into their operations.

McCracken County Conservation District

Funds: \$2,000 McCracken

Project: County funds will be used to assist in sponsoring a Farm and Home Safety Day.

Menifee County

Menifee County Beef Producers, Inc.

Funds: \$30,532 Menifee

Project: County funds will be used to purchase a bail wrapper, post driver, hydraulic aerator, corral panels, hay probe and chain drag for shared use by county farmers.

Nicholas County

Nicholas County Board of Education

Funds: \$50,000 Nicholas

Project: County funds will be used to construct and equip a greenhouse at the Nicholas County High School.

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Nicholas County Fiscal Court

Funds: \$57,566 Nicholas

Project: County funds will be used to complete the first round of funds for Nicholas County's pilot Fencing Improvement Program.

Owen County

Owen County Chamber of Commerce

Funds: \$11,150. Owen

Project: County funds will be used to start a county farmers market in Owen County.

Owsley County

Owsley County Conservation District

Funds: \$27,800 Owsley

Project: County funds will be used to purchase shared-use equipment for vegetable producers in Owsley County.

Pendleton County

Daniel R. Moreland

Funds: \$26,300 State
\$6,400 Pendleton

Project: State and county funds will be used to expand a freshwater shrimp nursery facility in the Northern Kentucky.

Pendleton County Forage Association

Funds: \$41,287 Pendleton

Project: County funds will be used to purchase a three hitch type lime spreaders for shared-use equipment.

Perry County

Heifer Development Project

Funds: \$5,000 Menifee

Project: County funds will be used to support the Eastern Kentucky heifer consignment program.

Pulaski County

South-Eastern Kentucky Agricultural Development Association

Funds: \$2,750 Pulaski

Project: County funds will be used to provide one year of cost-share for Pulaski County producers participating in the Farm Business Analysis Program.

Triple T. Greenhouse, Inc.

Funds: \$72,150 State
\$2,349 Pulaski

Project: State and county funds will be used to develop and coordinate markets for fresh culinary herbs and specialty items.

Robertson County

Robertson County Soil Conservation

Funds: \$7,884 Robertson

Project: County funds will be used to purchase a lime spreader to assist producers with spreading lime on steep terrain.

Scott County

Central Kentucky Growers Association, Inc

Funds: \$150,000 State

Project: State funds will be used to update a production line, expand to year-round marketing and to meet the needs of new and existing growers.

Scott County Beef Improvement Association, Inc.

Funds: \$157,053 Scott

Project: County funds will be used to implement and administer a pilot on-farm water enhancement program for Scott County Producers.

Shelby County

Shelby County Chamber of Commerce/Commerce Enhancement Corporation

Funds: \$15,000 Shelby

Project: County funds will be used for a Farm Family Continuing Education Program to teach producers skills that enhance the farming operation and/or make them more qualified for non-farm employment.

Taylor County

Taylor County Fair Association

Funds: \$9,047 Taylor

Project: County funds will be used to build two arched structures for 4-H, FFA, and adult agricultural exhibits and events at the Taylor County Fair Grounds.

Trigg County

Harton Farms

Funds: \$7,700 Trigg

Project: County funds will be used to assist in purchase of a tobacco steamer unit to add value to existing crops and to provide support and custom services for other tobacco producers in Trigg, Lyon, and Christian counties.

Lawrence Brothers Farms

Funds: \$7,700 Trigg

Project: County funds will be used to assist in the purchase of a tobacco steamer unit to add value to existing tobacco crops and to provide support and custom services for other tobacco producers.

Renaissance On Main

Funds: \$2,000 Trigg

Project: County funds will be used to aid in the development and continuation of a farmer's market in the Cadiz/Trigg County community.

Warren County

Western Kentucky University Research Foundation

Funds: \$25,170 State

Project: State funds will be used to renovate two greenhouses on campus to be used as teaching facilities for students to gain growing, harvesting, and marketing skills in greenhouse production.

Washington County

Kentucky Heritage Meats, LLC

Funds: \$79,200 State
\$10,000 Nelson
\$10,000 Marion
\$10,000 Washington

Project: State and County funds will be used to establish a custom meat cutting processing business in Louisville, which will operate from a producer's base of a tri-county area.

Washington County Cattleman's Association

Funds: \$41,600 Washington

Project: County funds will be used to establish a Youth Master Cattleman Program.

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Wayne County

Cumberland Farm Products Association, Inc.

Funds: \$301,959 State

Project: State funds will be used to purchase the satellite facility and property in Russell County, update computer equipment, and expand the current cooling system at the Monticello facility.

Woodford County

Woodford County Extension District

Funds: \$50,000 Woodford

Project: County funds will be used to install a certified kitchen into a 2880 square foot building expansion project. This certified kitchen would provide the farmers of Woodford County the opportunity to add value to their products.

Union County

Little Kentucky Smokehouse, LLC

Funds: \$950,000 State

Project: State funds will be used in the construction of the \$2.45 million meat processing plant, which will be located in Union County and purchasing product from Central Kentucky producers.

Union County Beef Cattle Association, Inc.

Funds: \$2,800 Union

Project: County funds will be used to present a registered bull sale that will give area producers the opportunity to buy and sell quality bulls.

KCADE Investments Fiscal Years 2002 and 2003

Value-added Soybeans

Funds: \$15,000

Project: The Agricultural Development Board cost-shared with the Kentucky Soybean Promotion Board to undertake a market feasibility study to explore production and sale of food-grade soybeans within the Commonwealth. The study focused on the following issues:

1. Markets for raw unprocessed, cleaned soybeans, soy flour, and meal from first-stage processing, as well as markets for finished food products from second-stage processing
2. Market demand for these segments and what is needed to address the demand
3. Major suppliers in the industry and their respective strengths and weaknesses
4. Opportunities for successful formation of soy food product manufacturing facilities and costs associated with same
5. Profitability and risks associated with soy food processing ventures

The study was conducted by Mark Newman, Market Solutions LLC, who presented the results of the study to the Board at the January 2003 Board meeting.

An Assessment of the Kentucky Aquaculture Industry

Funds: \$35,000

Project: The Agricultural Development Board commissioned a study of Kentucky's aquaculture industry for the following product sectors: blue catfish, channel catfish, paddlefish, hybrid striped bass, fresh water prawns, and trout. The study contained the following:

1. An analysis of the current condition and structure of the aquaculture industry;
2. An assessment of existing and potential market opportunities;
3. A recommendation detailing appropriate strategy for taking advantage of said opportunities.

Pursuant to KRS 45A.695, a request for proposals (RFP) was released. The Van Erden Group was selected to perform the study. A presentation of the results and recommendations was made to the Board at its February 2003 meeting.

An Assessment of the Meat Goat Industry in Kentucky

Funds: \$29,500

Project: The Agricultural Development Board commissioned a study of Kentucky's meat goat industry. The economic impact and market composition data were analyzed from a business opportunity perspective with a special focus on the potential infrastructure needs of the industry in each stage of its growth curve. Additionally, the requested format for the report was such that it would be useable by both governmental entities and "grass roots" end-users. The study contained the following:

1. Analysis of the current condition and structure of the meat goat industry;
2. An assessment of existing and potential market opportunities; and
3. A recommendation detailing appropriate strategy for taking advantage of said opportunities.

Pursuant to KRS 45A.695, a request for proposals (RFP) was released. The Van Erden Group was selected to perform the study. A presentation of the results and recommendations was made to the Board at its April 2003 meeting.

An Assessment of the Dairy Goat Industry in Kentucky

Funds: \$33,000

Project: The Agricultural Development Board commissioned a study of Kentucky's dairy goat industry. The economic impact and market composition data were analyzed from a business opportunity perspective with a special focus on the potential infrastructure needs of

the industry in each stage of its growth curve. Additionally, the requested format for the report was such that it would be useable by both governmental entities and "grass roots" end-users. The study contained the following:

1. Analysis of the current condition and structure of the meat goat industry;
2. An assessment of existing and potential market opportunities; and
3. A recommendation detailing appropriate strategy for taking advantage of said opportunities.

Pursuant to KRS 45A.695, a request for proposals (RFP) was released. The Van Erden Group was selected to perform the study. A presentation of the results and recommendations was made to the Board at its April 2003 meeting.

Kentucky Wine Market Feasibility Assessment

Funds: \$65,000

Project: The Agricultural Development Board partnered with the Kentucky Grape and Wine Council to fund a study to assess the feasibility of Kentucky's current and future involvement in the grape and wine industry. Motto, Kryla & Fisher, LLP of St. Helena, California, conducted the study. This study will serve as a blueprint or business plan to help guide the Board's decisions regarding the wine industry in Kentucky. The study included the following:

1. Overview of the Kentucky grape industry;
2. Overview of the Kentucky wine industry;
3. Kentucky winery constraints;
4. Kentucky wine market recommendations;
5. Winery funding recommendations;
6. Market projections; and
7. Implementation timeline

A presentation of the results and recommendations was made via conference call at the Board's July 2002 meeting.

Appendix D

Analyzing the Farmer Profitability of Biomass in Kentucky

Funds: \$30,000

Project: The purpose of this study is to determine the farmer profit potential of supplying biomass products to the proposed eastern Kentucky power plant. In particular, the study examined the farmer profit for different combinations of biomass prices, quantities, and qualities. The study focused on the economics of fescue, but examined other sources of biomass, such as switchgrass, kenaf and wood waste.

The University of Kentucky's Department of Agricultural Economics performed the study and presented their results at the December 2002 Board meeting. The main conclusion from this report is that considering the costs of retrofitting power plants for co-firing biomass crops and the projections for farmer profitability from biomass, the researchers concluded that energy production by co-firing farm-grown biomass crops in Kentucky is not economically feasible without significant subsidies or incentives to both farm producers and energy generators.

State of Kentucky Vermiculture and Vermicomposting

Funds: \$10,000

Project: The Board cost-shared with the Southern Kentucky Worm Growers Association to conduct a study to explore the market potential for vermiculture and vermicomposting in Kentucky. R. Alexander Associate, Inc. conducted the market study. The study focused on the market potential for worms, worm manure or castings (both solid and liquid extract), and vermiculture as a waste management tool. The results and recommendations were presented at the May 2003 Board meeting via conference call.

Agricultural Web Learning

Funds: \$48,720

Project: The purpose of this feasibility study is to explore methods to increase computer ownership and literacy among farm families and the development of a comprehensive web-based agricultural information and instructional portal. The scope of

this study is to include a detailed discussion of the feasibility of a conceptual network Portal, a business architecture and feasibility assessment, and financial model for implementation of same to benefit the agricultural community. The Center for Information Technology Enterprise, Inc. (CITE) is performing the study and will present their results to the Agricultural Development Board.

Fresh-frozen Produce

Funds: \$60,000

Project: The focus of this feasibility study is to investigate value-added processing with a focus on frozen food processing and packaging. Many of the West Kentucky Grower Cooperative (WKGC) customers have a frozen food division and have indicated an interest in expanding their relationship with WKGC to include frozen packaged products. This study will be conducted in two phases. The results from the first phase will determine if the second phase is necessary. Possible firms to complete this study are currently under review by WKGC.

Small Livestock Processing & Marketing

Funds: \$35,000

Project: The purpose of this study is to help develop the state's infrastructure, so that Kentucky farmers can profitably produce, process and market small livestock and aquaculture species for retail sale. The study will focus on the following issues:

1. Profitability of species currently in production for direct marketing;
2. Identification of new species that are in demand and have potential growth and profit;
3. Identification of areas of the state that could benefit from species with market opportunities and use of the Mobile Processing Unit;
4. Overall market assessment – competition, pricing, product form, distribution, and retail and consumer issues.

The project sponsor, Partners for Family Farms, released a request for proposals (RFP) and received proposals from four qualified firms.

From those proposals, The Van Erden Group was selected to do the marketing portion of the study, and Gae Broadwater, Kentucky State University, was chosen for the economic feasibility portion. The estimated completion date for this study is December 2003.

Entrepreneurship Development Program

Funds: \$1.28 million

Project: As part of its mission, KCADE has available capacity building grants to develop and deliver entrepreneur capacity building programs, which complement the other statewide programs offered by the Agricultural Entrepreneurship Program. The University of Kentucky's Department for Rural Sociology will design and implement a leadership program for entrepreneurial coaches or facilitators in 19 tobacco dependent counties in northeastern Kentucky.

The goal of the project is to build a stronger entrepreneurial culture in the region. The primary objective of this project is to encourage the development of new business ideas and ventures in this area. A series of meetings in cooperation with participating County Agricultural Development Councils, Chambers of Commerce and Area Development Districts will be held in each of the 19-targeted counties. In addition, these meetings will involve tobacco farmers, citizens and community leaders who will help identify new business ideas for economic diversification and identify those who have a reputation for encouraging business activity.

Applications will be solicited from the region from those individuals who have an interest in helping entrepreneurs develop and implement agricultural economic diversification projects in northeastern Kentucky. Administrative support for this project will come through UK's satellite location in West Liberty. The West Liberty office will coordinate all the local site arrangements for seminars and arranging of tours of entrepreneurial activity sites.

Appendix D

Project Ag L.E.A.P.

Funds: \$250,000

Project: Project Ag L.E.A.P. (Leadership in Education for Agricultural Progress) seeks to build the entrepreneurial capacity of young and future farmers through training in the most current, science-based agricultural principles. The long-term goals and objectives for the project include the following:

1. Increase the academic achievement of agriculture students, as measured by CATS assessments;
2. Increase the technical skills of agriculture students, as measured by the KY Agriculture Skill Standards;
3. Increase the number of agriculture students in Kentucky pursuing post-secondary education; and
4. Increase net farm income in Kentucky, through increased entrepreneurial awareness and farm business decision-making skills.

This project will provide Kentucky's 250 agriculture educators the tools to achieve the above goals: a "Lesson Plan Library" of 600 modern, science-based agricultural lessons in 6 major areas; customization of these lessons to meet CATS and KY Agriculture Skill Standards requirements; and a two-day training for utilization of this resource. The curriculum for this project was developed by the Center for Agricultural & Environmental Research & Training, Inc.

Kentucky Milk Producers Association

Funds: \$30,000

Project: One target for KCADE funds is the development of farmer cooperatives. Money for these endeavors can be used for feasibility studies, organization, and the implementation of certain aspects of the cooperative. Up to \$30,000 was awarded to the Kentucky Milk Producers Association (KMPA) to cover attorneys and accountant fees necessary to organize the farmer owned group as Kentucky Dairy Ventures (KDV).

Kentucky Grape and Wine Technical Assistance

Funds: \$785,125

Project: Another capacity -building and hands-on training project comes from the Kentucky Grape and Wine Council. KCADE funds will be used to further the grape and wine industry as a viable source of income by acquiring expert help in two key areas: a viticulture specialist - vineyard development and producer education; an oenologist – high quality wine production. The program objectives are as follows:

1. Develop a "new" viable agricultural industry that is an alternative for Kentucky's farmers;
2. Provide opportunities and employment for Kentucky tobacco farmers and farm workers by helping them diversify into commercial grape production;
3. Assist new and existing Kentucky grape growers in producing quality grapes by providing them with research-based production expertise and guidance; and
4. Assist new and existing Kentucky wineries to produce quality wines by providing them research-based wine making expertise and guidance.

The funding for the viticulturalist and oenologist positions is for two years, at which time it is hoped these positions will be established as permanent positions in the UK College of Agriculture.

Dry Stone Fence Workshop

Funds: \$2,500

Project: This project provided the opportunity for producers, with a demonstrated need, to cost-share on a two-day workshop on Dry Stone Restoration, which was held July 13-14, 2002. This workshop offered producers a quick hands-on opportunity to learn a craft that could help to diversify farm income, while at the same time preserving the historical and rural landscape with restoration of stone fences. Upon completion of the two-day workshop, graduates acquired skills that commonly command \$20 – \$30 per hour (depending on skill level and experience).

Kentucky Aquaculture Association

Funds: \$2,438

Project: This project provided the opportunity for producers to cost-share on a three-day educational event, Aquaculture America 2003, held in the Louisville International Convention Center. This educational event offered new and potential aquaculture producers special sessions tailored to their needs: Aquaculture 101, Lessons for Start-ups, Aquaculture Opportunities in Appalachia, and Emerging Aquaculture species to name a few. The Kentucky Aquaculture Association was originally awarded up to \$15,000 for this cost-share program for up to 80 producers to attend this educational opportunity. Thirteen (13) producers took advantage of this opportunity.



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Kentucky has made a historic effort to diversify away from tobacco production while revitalizing the farm economy by investing 50% of the Master Settlement Agreement into the Agricultural Development Fund. The Agricultural Development Board has funded an array of county, regional, and state projects designed to increase net farm income and create sustainable new farm-based business enterprises.

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